

Section 1498 and its Fifth Amendment Roots

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- Any opinions expressed by me do not necessarily reflect the official position of the Department of Justice or the government.



Section 1498

(a) Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner's remedy shall be by action against the United States in the United States Court of Federal Claims for the recovery of his reasonable and entire compensation for such use and manufacture.



Section 1498 Overview

- Section 1498 thus provides that only remedy for patent infringement – unauthorized use or manufacture – is a suit against the government.
- This may include instances where the government is the end user or customer, as well as instances in which the government itself manufactures the accused device.



Section 1498 History

- History is well-summarized in *Leesona Corp. v. United States*, 599 F.2d 958 (Ct. Cl. 1979).
- Prior to the Act of 1910, there was no remedy against the government (or its officers) for patent infringement, absent some implied contract.
- In *Schillinger v. United States*, 155 U.S. 163 (1894), the Supreme Court declined to hold that a 5th Amendment taking claim could be brought if the government infringed a patent.



Section 1498 History

- In the Act of 1910, Congress provided a remedy for the recovery of reasonable compensation whenever an invention described in and covered by a patent was used by the United States without authorization or lawful right. 36 Stat. 851.
- This remedy is compensatory – mirroring just compensation under the 5th Amendment, and does not permit injunctive relief.



Section 1498 History

- The Act of 1910, however, did not preclude a suit against the government's contractor. *Cramp & Sons v. Int'l Curtis Marine Turbine*, 246 U.S. 28 (1918). Congress reacted quickly, amending the Act of 1910 by the Act of 1918, 40 Stat. 705:
- [W]henever an invention described in and covered by a United States patent shall . . . be used or manufactured by *or for* the United States without . . . lawful right . . . such owner's remedy



Section 1498 History

- Act of 1918 continued:
- Shall be by suit in the United States Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture.
- Thus, the exclusive remedy covered contractors whose use or manufacture was for the government.



Section 1498

- The government may assert any defense available to a private party. *Motorola Corp. v. United States*, 765 F.2d 765, 769 (Fed. Cir. 1984).
- While cases are tried to the bench, the procedure parallels private infringement cases in terms of claim construction, infringement, validity and some damage issues.



Parallels to 5th Amendment

- Section 1498 provides for “reasonable and entire compensation” which has been recognized as the equivalent of “just compensation.”
- No injunctive relief.
- No attorneys’ fees except where other provisions permit. EAJA, 28 U.S.C. § 2412(d); provision in section 1498 for small entities.



Parallels to 5th Amendment

- No increased damages for willful infringement. *Leesona Corp.*, 599 F.2d at 969.
- The government is treated as a licensee for purposes of applying the permissible repair doctrine. 453 F.2d at 1391-92.
- But, the government cannot avail itself of limitation on damages when patent owner fails to mark product with patent number. *Motorola*, 729 F.2d at 769.



Parallels to 5th Amendment

- A reasonable royalty has often been the measure of compensation. This meshes with the view of just compensation as the fair market value of the property interest taken.
- In section 1498 cases, the property interest is a non-exclusive license in the infringed patent. A reasonable royalty is intended to be that market value.

